Conversely, Mexico has surpassed the level of a typical less developed country (LDC), with per capita income levels and economic growth sufficient to place the country in the middle income country (MIC) grouping. For that reason, the traditional methods of import penetration into LDC markets, using International Financial Institutions (I.F.I.) and trade-aid mechanisms, are less essential than is the case with countries having lower levels of individual wealth.

In view of the Mexican Government's economic strategy for creating jobs, the best approach to secure a foothold in this flourishing market could be a local operation in partnership with a Mexican firm. A number of Canadian government programs (of both CIDA and ITC) designed to assist Canadian firms establish a commercial and/or manufacturing presence in Mexico appear to be particularly well suited to meeting the increasing requirements for exporters to include Mexican content into their product. In that respect, a greater Canadian knowledge of Mexico's industrial capabilities and capacity for technology absorption is required.

In the past, Mexico's commercial policy has been aimed at protecting a weak industrial structure from import competition. This protectionism has contributed greatly to the concentration of income, industrial inefficiency, high prices and an unbalanced industrial structure which failed to capitalize on Mexico's comparative advantages in various sectors.

To correct the historical trend, the present government has implemented a policy of encouraging the rationalization of Mexico's import regime while promoting and diversifying exports to avoid an over-dependence on oil exports. The Global Plan establishes quantitative targets for this goal, seeking imports at 11.4 percent of GDP and exports at 10.9 percent of GDP by 1982. While the policy of "energetics", bolstered by tourism revenues and border transactions (which currently represent approximately 40 percent of Mexico's "exports" of goods and services), should create the necessary impetus to reach export goals, import guidelines are less clearly understood.

In order to shelter domestic industry, the tariff has been designated in the Global Plan as the principal protective instrument which will gradually be adjusted as industrial rationalization develops. Import substitution is encouraged by tariff rates in the capital and intermediate (rather than consumer) goods sector. Similarly the use of tariff structures to assist small and medium businesses and to provide special treatment to the agricultural sector is promoted in the Global Plan.